

STRONGMINDS INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2015

(With Independent Auditors' Report)

STRONGMINDS INC.

DECEMBER 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
StrongMinds Inc.

We have audited the accompanying financial statements of StrongMinds Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015, and the related statement of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of StrongMinds Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.



Fairfield, New Jersey
June 28, 2016

STRONGMINDS INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

CURRENT ASSETS:

Cash	\$ 779,208
Prepaid expenses	2,533
Other receivable	<u>1,698</u>

TOTAL CURRENT ASSETS 783,439

PROPERTY AND EQUIPMENT

net of accumulated depreciation of \$262 6,978

OTHER ASSETS:

Security deposit	1,050
Other deposit	<u>12,546</u>

TOTAL OTHER ASSETS 13,596

TOTAL ASSETS \$ 804,013

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Credit card liabilities	\$ 7,068
Accrued expenses	<u>13,695</u>

TOTAL CURRENT LIABILITIES 20,763

NET ASSETS:

Unrestricted	749,917
Temporarily restricted	<u>33,333</u>

TOTAL NET ASSETS 783,250

TOTAL LIABILITIES AND NET ASSETS \$ 804,013

The accompanying notes are an
integral part of these financial statements.

STRONGMINDS INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT :			
Contributions	\$ 53,247	\$ -	\$ 53,247
Grants	1,064,525	50,000	1,114,525
Contributed services	10,055	-	10,055
Interest income	31	-	31
	<u>1,127,858</u>	<u>50,000</u>	<u>1,177,858</u>
TOTAL REVENUE AND SUPPORT			
	<u>1,127,858</u>	<u>50,000</u>	<u>1,177,858</u>
NET ASSETS RELEASED FROM RESTRICTION	<u>16,667</u>	<u>(16,667)</u>	<u>-</u>
EXPENSES:			
Program services	397,112	-	397,112
General and administrative	78,341	-	78,341
Fundraising	63,016	-	63,016
	<u>538,469</u>	<u>-</u>	<u>538,469</u>
TOTAL FUNCTIONAL EXPENSES			
	<u>538,469</u>	<u>-</u>	<u>538,469</u>
INCREASE IN NET ASSETS	606,056	33,333	639,389
NET ASSETS - beginning	<u>143,861</u>	<u>-</u>	<u>143,861</u>
NET ASSETS - ending	<u>\$ 749,917</u>	<u>\$ 33,333</u>	<u>\$ 783,250</u>

The accompanying notes are an
integral part of these financial statements.

STRONGMINDS INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 639,389
Adjustments to reconcile increase in net assets to net cash from operating activities:	
Depreciation	262
Changes in operating assets and liabilities - Increase in:	
Prepaid expenses	(2,533)
Other receivable	(1,698)
Increase in:	
Credit card liabilities	7,068
Accrued expenses	<u>13,695</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>656,183</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Equipment purchases	(7,240)
Security deposit	(1,050)
Other deposit	<u>(12,546)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(20,836)</u>
INCREASE IN CASH	635,347
CASH - beginning	<u>143,861</u>
CASH - ending	<u>\$ 779,208</u>

The accompanying notes are an
integral part of these financial statements.

STRONGMINDS INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Project expenses and costs	\$ 337,203	\$ -	\$ -	\$ 337,203
Salaries	36,501	34,118	33,266	103,885
Payroll taxes	3,529	3,467	3,131	10,127
Consultants	6,448	-	17,500	23,948
Telephone and communications	-	17,329	-	17,329
Travel	12,599	-	4,258	16,857
Professional fees	-	13,032	-	13,032
Advertising and promotion	-	-	4,298	4,298
Bank charges	-	2,174	-	2,174
Rent	-	2,100	-	2,100
Office supplies	-	1,841	-	1,841
Payroll processing fees	-	1,034	-	1,034
Meals and entertainment	832	-	563	1,395
Dues and subscriptions	-	748	-	748
Insurance	-	467	-	467
Postage	-	457	-	457
Depreciation	-	262	-	262
Other	-	1,312	-	1,312
TOTAL	<u>\$ 397,112</u>	<u>\$ 78,341</u>	<u>\$ 63,016</u>	<u>\$ 538,469</u>

The accompanying notes are an
integral part of these financial statements.

STRONGMINDS INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

StrongMinds Inc. ("the Organization"), which began operations in 2013, is a non-profit Organization organized under the laws of the State of New Jersey and located in Maplewood, New Jersey. The Organization's mission is to restore the mental health of vulnerable African women by using a simple, cost effective, and scalable community-based group talk therapy to treat depression in the country of Uganda. In 2015, the Organization worked in conjunction with FXB Uganda, a non-government organization in Uganda, under a partnership agreement in which funding was provided to work on programs and activities related to the Organization's mission. In 2016 the Organization entered into a master collaboration agreement with StrongMinds Uganda (SMU), after SMU achieved its separate non-government registration status in Uganda.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recorded when earned and expenses are recorded when incurred. The Organization's net assets, revenues, and expense are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets

Net assets subject to donor imposed stipulations that may or will be met either by actions of the Organization or the passage of time.

Permanently Restricted Net Assets

Net assets subject to donor imposed stipulations that are to be maintained permanently by the Organization. As of December 31, 2015, the Organization did not have any permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

STRONGMINDS INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are recorded at cost or, if donated, the approximate fair value at the date of donation. Depreciation is provided on the straight line method over the estimated useful lives of the assets, which range from five (5) to seven (7) years.

Income Tax Status

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore, no provision has been made for federal or state income taxes in the accompanying financial statements. The Organization files informational returns with the U.S. federal government and State of New Jersey.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire when the stipulated time restriction ends or purpose restriction is accomplished in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributions and Grants

Contributions and grants consist of unconditional support and are recorded as revenue in the year received. Conditional contributions and grants are not included as support until the conditions are substantially met.

Contributed Services

Contributed services are reported at fair value in the financial statements for voluntary donations of services when those services (1) create or enhance non-financial assets, or (2) require specialized skills provided by individual possessing those skills and are services which would be typically purchased if not provided by donation. The estimated fair values of these items are reported in the statement of activities as revenue and expenses in the year in which they are received.

Advertising Costs

Advertising costs are expensed when incurred.

Functional Expenses

The Organization allocates its operating expenses on a functional basis. Expenses that can be identified with a specific function are charged directly to that function. Other expenses that are common to more than one function are allocated among the services benefited based on estimates made by management.

STRONGMINDS INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 3 - SUMMARY OF PROPERTY AND EQUIPMENT

Components of building and equipment assets are as follows:

Computer equipment	\$4,970
Furniture and fixtures	<u>2,270</u>
Total	7,240
Less: Accumulated depreciation and amortization	<u>262</u>
 NET PROPERTY AND EQUIPMENT	 <u>\$6,978</u>

Depreciation expense for the year ended December 31, 2015 amounted to \$262.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

In November 2015, the Organization received a \$50,000 grant for the achievement of certain projects and milestones in treating women with depression in Uganda through June of 2016. At December 31, 2015, the remaining temporarily restricted portion of the grant in net assets is \$33,333.

NOTE 5 - CONTRIBUTED SERVICES

Contributed services included in the accompanying statement of activities consisted of donated legal services of \$10,055 contributed from Pro Bono Partnership.

NOTE 6 - COMMITMENTS

The Organization entered into a twelve (12) month lease agreement with H&K Map, LLC to lease office space at 515 Valley Street in Maplewood, New Jersey commencing on November 1, 2015 and expiring on October 31, 2016. Monthly lease payments are \$1,050. The Organization has the option to extend the lease for an additional twelve (12) month term at a monthly rate of \$1,075. The Future Minimum annual rent for the year ending December 31, 2015, is \$10,500. Rent expense for the year ended December 31, 2015 amounted to \$2,100.

NOTE 7 - CONCENTRATIONS AND CREDIT RISK

Cash Balances

The Organization maintains its cash at a bank which at times may exceed the insured limit of \$250,000 provided by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts.

Grants and Contributions

For the year ended December 31, 2015, approximately fifty-two (52%) of the Organization's grants were received from two (2) donors.

For the year ended December 31, 2015, approximately ninety-four (94%) of the Organization's contributions were received from one (1) donor.

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NOTE 8 - RELATED PARTY TRANSACTIONS

During the year ended December 31, 2015, the Organization transferred \$281,055 to FXB Uganda for project expenses.

NOTE 9 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 28, 2016, which is the date the financial statements were available to be issued.

In May 2016, the Organization entered into a master collaboration agreement with Strong Minds Uganda to improve the mental health of women in Africa.